

Item 65
8/26/04

DRAFT – 8/18/2004

RESOLUTION NO.

WHEREAS, Chapter 372 of the Texas Local Government Code (the "Act") authorizes the creation of public improvement districts; and

WHEREAS, owners of real property located within the vicinity of East Sixth Street, within the Austin Central Business District, delivered to the City of Austin a petition (the "Petition") requesting that the City Council create an East Sixth Street Public Improvement District (the "District"), as shown on the map attached hereto and made a part hereof and marked Exhibit "A" (the "Map of the District"); and

WHEREAS, the City Clerk of the City of Austin has reviewed the Petition and determined that under the proposal as set out in the Petition (i) the owners of more than 50% of the appraised value of the taxable real property liable for assessment and (ii) the owners of more than 50% of the area of all taxable real property liable for assessment within the District have executed the Petition and that the Petition complies with the Act and authorizes the City Council to consider the creation of the District; and

WHEREAS, after providing the notices required by Section 372.009 of the Act, the City Council on August 26, 2004, has conducted a public hearing on the advisability of the improvements and services; and

WHEREAS, the City Council adjourned such public hearing; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

Section 1. Pursuant to the requirements of the Act, the City Council, after considering the Petition for the proposed District and the evidence and testimony presented at the public hearing on August 26, 2004, hereby finds and declares:

- (a) Advisability of the Services and Improvements Proposed for the District. It is advisable to create the District to provide the services and improvements described in this resolution; and the services and improvements will contribute to the public health, safety, and welfare.
- (b) Nature of the Services and Improvements. The general nature of the services and improvements to be performed by the District is: improved public safety, economic development, streetscape improvements, marketing and public relations, provide recreational activities and cultural enhancements, enhance pedestrian and vehicular mobility, and other services and improvements that are authorized by the Act. The District is being created with the intention of supplementing and enhancing services within the District, but is not intended to replace or supplant existing City services provided within the District. The services and improvements to be provided are more specifically described in the service plan (the "Service Plan") attached hereto as Exhibit "B" and made a part hereof. The Service Plan is hereby approved and accepted by the City Council.

(c) Estimated Cost of the Services and Improvements. The estimated annual cost of the services and improvements to be provided by the District through assessment revenue and a proposed City contribution for each of the first three (3) years of the District's five (5) year term, is approximately \$81,500 for each of the first three (3) years, and \$38,000 for each of the following two (2) years. The petitioners have represented to the City that these amounts will be supplemented with additional revenue raised through private contributions and special events. These anticipated additional funds are included in the proposed Service Plan attached as Exhibit "B". The District shall not incur bonded indebtedness.

(d) Boundaries. The District is located wholly within the City of Austin, Texas. The District is located within the Austin Central Business District, which is devoted primarily to commercial activity. The boundaries of the District are shown on the Map of the District, Exhibit "A".

(e) Method of Assessment. The method of assessment is based on the value of the real property and real property improvements as determined by the Travis Central Appraisal District.

Except with the prior consent of the owners thereof, the following classes of property shall be excluded from assessment: (a) property of the City; (b) property of the County, and property owned by political subdivisions of the State of Texas and used for public purposes; (c) property owned by a church or by a strictly religious

society, and which yields no revenue to such church or religious society, and which is used as an actual place of religious worship or as a dwelling place for the ministry of such church or religious society; (d) property owned by persons or associations of persons which is used exclusively for school purposes; (e) property owned by an association engaged in promoting the religious, educational, and physical development of boys, girls, young men, or young women operating under a state or national organization of like character and used exclusively and necessarily for such purpose, including, but not limited to, property owned by the Austin Independent School District; (f) property owned by institutions of purely public charity; (g) property that was used primarily for recreational, park, or scenic purposes during the immediately preceding calendar year; (h) property owned by public or private utilities that is located in public streets or rights-of-way; (i) property used for residential purposes and fitting the definition of a homestead provided in Section 41.001, Vernon's Texas Code Annotated, Texas Property Code; (j) property owned by The University of Texas and the State of Texas; (k) all hospitals; and (l) the valuation over \$500,000 of all properties liable for assessment.

All property owners assessed in the District automatically become members of the District and others may join by the voluntary payment of dues. The Service Plan reflects the intention that the District is being created to provide services in a manner that will primarily benefit District members.

After reviewing the testimony and evidence, it is found that the exemptions for excluded classes are reasonable because the excluded property will not receive a benefit from the District sufficient to justify assessments. It is further found that the exemptions are reasonable and necessary to promote the efficient management of the District.

- (f) Assessment Roll and Setting of Rate. The City Manager is hereby directed to annually prepare an assessment roll and file said roll with City Clerk, in conformity with the exemptions from assessment established under subparagraph (e) above. The assessment rate shall not exceed \$0.40 per \$100.00 valuation of taxable real property as shown on the tax rolls of the Travis Central Appraisal District.
- (g) The recitals set forth in the preamble of the Resolution are found to be true and correct.

Section 2. The East Sixth Street Public Improvement District is hereby authorized and created as a Public Improvement District under the Act in accordance with the findings set forth in this Resolution as to the advisability of the services and improvements. The District shall be subject to the terms, conditions, limitations, and reservations contained in the findings of Section 1 of this Resolution.

Section 3. The City Clerk is directed to give notice of the authorization of establishment of the District by publishing a copy of this Resolution once in a newspaper of general circulation in the City of Austin. Such authorization shall take effect and the District shall be deemed to be established effective

upon the publication of such notice. The District shall automatically dissolve five years from the date of approval of this Resolution unless the District is renewed through the Petition and approval process provided for in the Act, or the District is sooner terminated as provided by law. The power of the City to continue to levy and collect assessments within the District pursuant to the Act will cease and the District will be dissolved on the date that a petition requesting dissolution is filed with the City Clerk of the City of Austin and the petition contains the signatures of at least enough property owners in the District to make the petition sufficient for creation of a public improvement district as provided in Section 372.005(b) of the Act.

Section 4. The City Council designates the Pecan Street Owners Association, a Texas nonprofit corporation, as the advisory body as contemplated by Section 372.008 of the Act.

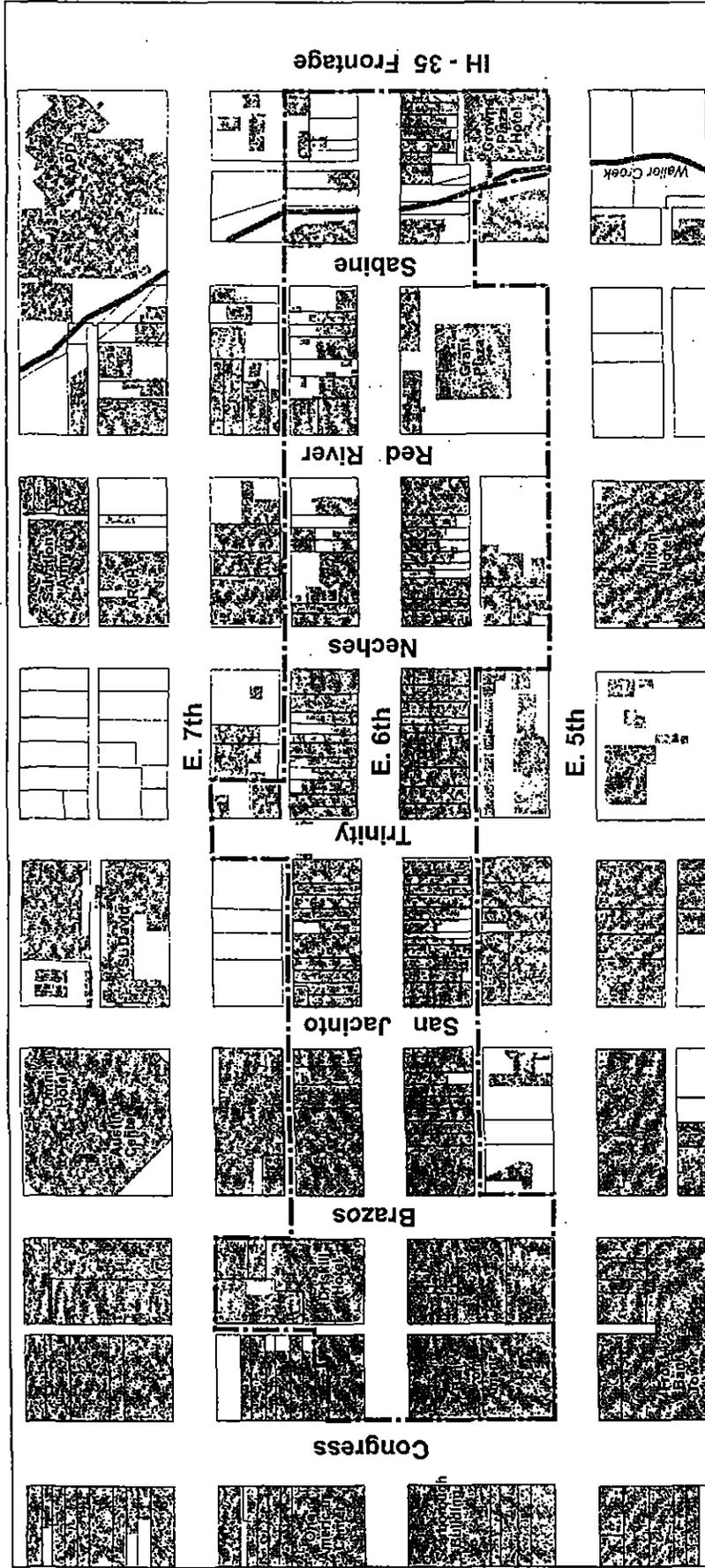
ADOPTED: _____

2004

ATTEST: _____

Shirley A. Brown
City Clerk

Exhibit A



Proposed E. 6th St. Public Improvement District (PID)

EXHIBIT B

EAST SIXTH STREET PUBLIC IMPROVEMENT DISTRICT (PID) SERVICE PLAN

Introduction

Over the years there have been numerous attempts to turn Sixth Street around. Various initiatives were attempted with little lasting impact. In 2002, many property owners came together as a group to address the issues confronting E. Sixth Street.

Looking strategically, the group felt it imperative to conduct research on the District, engaging a consultant who could provide analysis of similar districts throughout the country. Mitch Nichols, of Nichols Gilstrap Inc., was hired and he presented his findings in March 2003. In the final analysis, it was concluded that E. Sixth Street was not meeting its potential. The study noted that if two-thirds of the available space on E. Sixth Street achieved sales volumes comparable to other strongly performing districts around the country, more than \$150 million in annual sales could be generated within this single historic district.

With the findings of the study, additional research and site visits to Dallas and other entertainment districts, the creation of a strategic approach was undertaken. The informal property owners group felt the only way to turn things around on E. Sixth Street was to form an association and create a public improvement district for the area.

The Pecan Street Owners Association (PSOA), a 501 (c)(6) organization, was officially formed in 2004. The owners association has created a vision and mission, an action plan, and has successfully received petitions calling for a public improvement district from 59% of parcel owners, representing 89% of valuation. Realizing the PID will only raise approximately \$38,000 annually, the PSOA has set out to raising the additional \$87,000 for a total of \$125,000 it will take to effectively run the PID. Within three years, the group will be self-sufficient with a strategic funding initiative in place.

The mission/vision statement of the PSOA is as follows:

The vision of Sixth Street is to make this National Register Historic District a source of pride to the Austin community by:

- Creating a vibrant mixed-use district, where diverse offerings are a strong asset appreciated by both locals and visitors alike;
- Making Sixth Street an important economic and cultural asset to the community for present and future generations; and
- Advocating for the preservation and enhancement of the district's unique historic character.

Service Plan

In this document, the Pecan Street Owners Association proposes a Five-Year Service Plan and Budget for the management of the East Sixth Street Public Improvement District (PID). The year one (FY 2004-2005) PID fund budget will total \$125,000 of which \$81,500 is based on the projected assessment revenues as well as a City of Austin contribution. The remainder will be funded through outside funding (donations).

Outside Funding

The Pecan Street Owners Association (PSOA) proposes that the E. Sixth Street PID management contractor raise an additional \$43,500 annually from private sources. Currently, the PSOA has raised an additional \$31,000, committed for the next three years from the following sources:

DAA	\$20,000
Driskill Hotel	\$5,000
Hilton Hotel	\$5,000
<u>Littlefield/Scarborough</u>	<u>\$1,000</u>
Total	\$31,000

Additional funding is currently being raised.

FY 2004-2005 Preliminary Budget

		PID Assessment + City Contribution	PID Assessment, City Contribution + Outside Funding
City/Public Order/Safety	20%	\$16,300	\$25,000
Communications/Membership	15%	\$12,225	\$18,750
Physical Improvements	15%	\$12,225	\$18,750
Marketing/Public Relations	20%	\$16,300	\$25,000
Historic Preservation/Accentuation	15%	\$12,225	\$18,750
Administration	15%	\$12,225	\$18,750
Total Expenses	100%	\$81,500	\$125,000

Year two and year three budgets propose the same funding sources and levels.

Funding After the First Three Years

In years four and five additional revenue will be raised through sponsorships and events, to offset the elimination of the City of Austin contribution after year three.

To fund E. 6th St. PID initiatives, the Pecan Street Owners Association will raise \$90,000+ annually after year three. The organization is committed to raising this amount annually from events, sponsorships and donations/memberships. A strategic plan for funding will be in place by the end of the first year of operation. It will be a combination of event fund-raising as well as corporate partnerships/sponsorships. Memberships and donations will also be a continued source of funding. Entertainment districts around the country have capitalized on sponsorships for raising additional dollars for operational and marketing budgets. E. Sixth Street will explore all avenues to raise the necessary dollars for continued operation. As an example, the West End Association in Dallas raises \$450,000 annually from special events and sponsorships. The Gaslamp Quarter raises 34% of their annual budget from special events and another 24% from other revenues such as dues and sponsorships.

PERFORMANCE MILESTONES

Performance of the organization may be measured by the accomplishment of specific milestones, which will be negotiated with the management agreement.

Administration

- Hire an executive director
- MBE/WBE requirements
- Set-up accounting policies and procedures
- Create strategic plan for future fund-raising

Communications/Membership

- Create/set-up the organization's database with TCAD information, property owner information, etc.
- Create a communications strategy developing effective ways to communicate with the membership, owners and other stakeholders.

City of Austin/Public Safety/Order

- Create a working group to develop an action plan for addressing public safety/order issues in the district.
- Work with the City of Austin to create a working group to identify problems with development, enhancement, accessibility, transportation and other related issues to E. Sixth Street.

Physical Improvements

- Create a strategy and plan for physical improvements in the district.

Marketing/Public Relations/Strategic Partnerships

- Create a marketing plan and implementation strategy for the district.
- Create a financial strategy for self-sufficiency within three years.

Historic Preservation/Accentuation

- Create a working document that sets the vision for the interpretation and enhancement of the historic district.

PROGRAM DESCRIPTIONS

1. City of Austin/Public Order/Safety - 20%

The E. Sixth Street PID management contractor will work directly with the City to create a working group to begin to identify the issues and barriers facing E. Sixth Street. A working plan will be created with ways to solve/mitigate issues. The E. Sixth Street PID management contractor will also work directly with the DAA, the APD and others to address the issues of public safety, order and evening management of the street.

2. Communications/Membership - 15%

Design effective database and management system of property information. Create public membership opportunities. Develop effective communications to members, stakeholders and others through email, phone, fax and mail.

3. Physical Improvements - 15%

Create a strategy and a plan for physical improvements in the district such as signage, sidewalks, entryways, etc.

4. Marketing/Public Relations/Strategic Partnerships - 20%

Create a marketing plan and public relations strategy for the district. Develop relationship with real estate broker and developer community. Work with existing tenants providing education opportunities and expansion options. Create financial strategy for self-sufficiency in three years. Create strategic partnerships with private sector for promotional and funding opportunities.

5. Historic Preservation/Accentuation - 15%

Create a strong working group to develop this area from the historic preservation community, tourism, the museum, art groups, etc. Develop a working document that sets the vision for the interpretation and enhancement of the historic district.

Summary

The management contractor will solely be responsible for the on-going fund-raising, ensuring that the Service Plan objectives are met throughout the 5-year Service Plan agreement.

The PSOA has proposed an E. Sixth Street Public Improvement District as a way of professionally managing an area of downtown Austin that continues to be wrought

with an array of problems. The area is well branded and with the focused effort proposed in this service plan, E. Sixth Street will become a vibrant mixed-use district that is a source of pride for the community once again.

**EAST SIXTH STREET PUBLIC IMPROVEMENT DISTRICT
FIVE YEAR SERVICE PLAN
OCTOBER 1, 2004 TO SEPTEMBER 30, 2009**

Table A FIVE YEAR REVENUE PROJECTIONS

SOURCE	YR1 10/04-9/05	YR2 10/05-9/06	YR3 10/06-9/07	YR4 10/07-9/08	YR5 10/08-9/09
Total Valuation	123,626,774	127,335,577	131,155,645	135,090,314	139,143,023
Assessment Base	39,503,965	39,503,965	39,503,965	40,098,524	40,697,972
Assessment Rate	.10/100	.10/100	.10/100	.10/100	.10/100
Total Assessments	39,504	39,504	39,504	40,097	40,698
Collection Rate	96%	96%	96%	96%	96%
Assessment Revenue	37,804	37,817	37,817	38,384	38,960
CONTRIBUTION REVENUES					
SOURCE	YR1 10/04-9/05	YR2 10/05-9/06	YR3 10/06-9/07	YR4 10/07-9/08	YR5 10/08-9/09
City of Austin Prior Year Revenue, Interest & late Pmt	43,500	43,500	43,500	-	-
Total	43,500	43,500	43,500	-	-
Other Revenues					
SOURCE	YR1 10/04-9/05	YR2 10/05-9/06	YR3 10/06-9/07	YR4 10/07-9/08	YR5 10/08-9/09
Donations	48,000	48,000	48,000	11,000	11,000
Sponsorships	-	-	-	30,000	30,000
Events	-	-	-	50,000	50,000
Total	48,000	48,000	48,000	91,000	91,000
TOTAL ANNUAL REVENUES					
SOURCE	YR1 10/04-9/05	YR2 10/05-9/06	YR3 10/06-9/07	YR4 10/07-9/08	YR5 10/08-9/09
Assessment Revenues	37,804	37,817	37,817	38,384	38,960
Contribution Revenues	43,500	43,500	43,500	-	-
Less: Reserve for Revenue Collection	(4,000)	(4,000)	(4,000)	(4,000)	(4,000.00)
Other Revenues	48,000	48,000	48,000	91,000	91,000
Total	125,304	125,317	125,317	125,384	125,960

Table B FIVE YEAR EXPENDITURE PROJECTIONS

PROGRAM	YR1 10/04-9/05	YR2 10/05-9/06	YR3 10/06-9/07	YR4 10/07-9/08	YR5 10/08-9/09
SECURITY	25,061	25,063	25,063	18,808	18,894
COMMUNICATION/MEMBERSHIP	18,796	18,798	18,798	18,808	18,894
PHYSICAL IMPROVEMENT	18,796	18,798	18,798	18,808	18,894
MARKETING/FUND RAISING	25,061	25,063	25,063	31,346	31,490
HISTORIC PRESERVATION	18,796	18,798	18,798	18,808	18,894
ADMINISTRATION	18,796	18,798	18,798	18,808	18,894
TOTAL EXPENDITURE	125,304	125,317	125,317	125,384	125,960